

Presentation to the

Joint Legislative Commission on Energy Policy

North Carolina General Assembly

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PSNC Energy facts

Service Territory:

- 28 franchised counties
- 96 cities and towns
- 500,000 customers

Employees:

- 835 total
- 300+ in Gaston County

Gas Delivery System:

- 607 miles of transmission pipeline
- 10,413 miles of distribution main
- LNG facility located in Cary



PSNC Energy – Happy Birthday in 2013!

Founded in 1938

Connected to
Transco in 1951

Began providing
natural gas to
customers in 1952



PSNC Energy – Operational Excellence

Safety

- Our highest priority
 - Accidents and injuries have greatly decreased in last 10 years

Customer Service

- #1 in JD Power Residential Satisfaction Survey for Natural Gas Utilities
 - South Region, three of the last five years

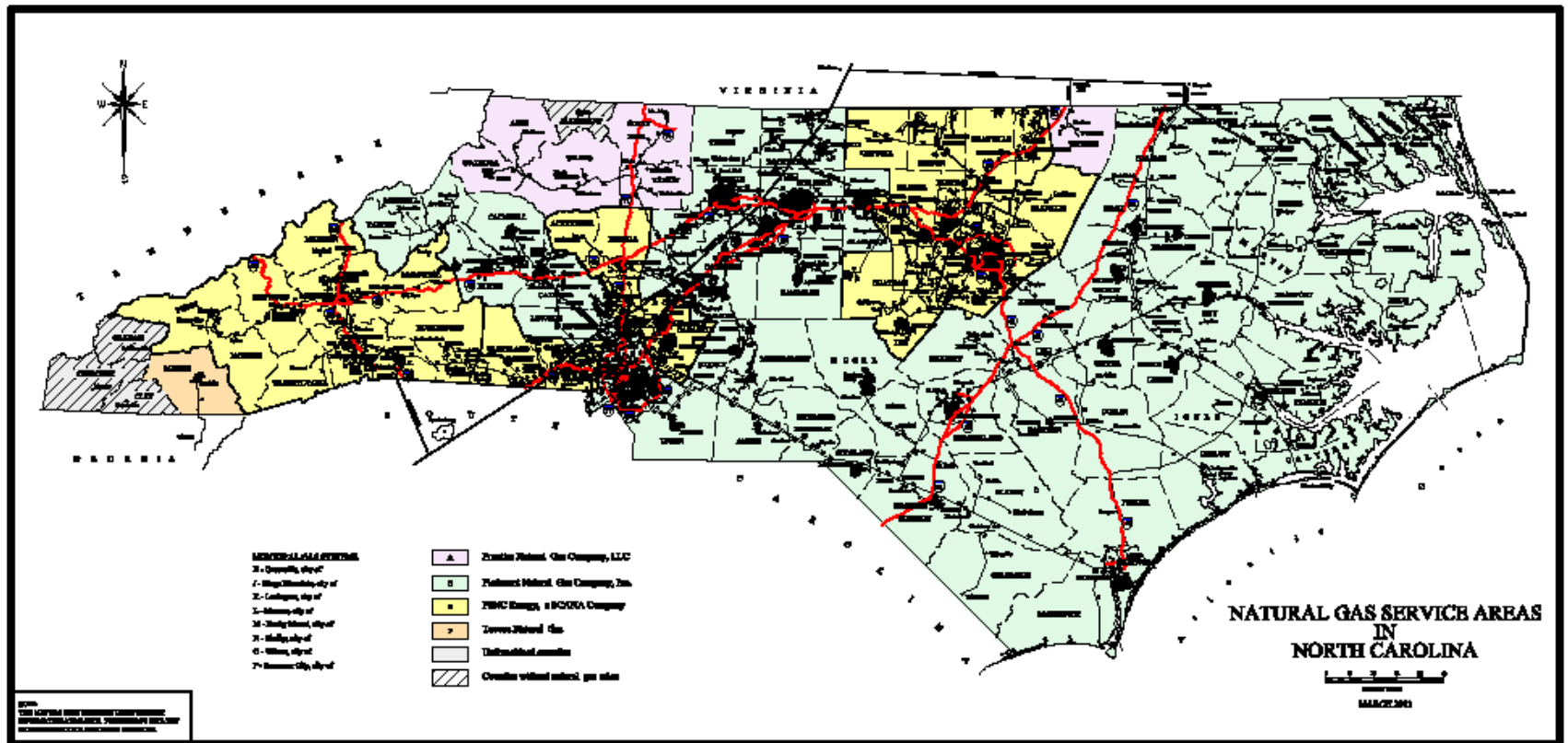
Operations & Maintenance

- Prudent management of O&M expenses
 - Average annual increase of only 0.5% in the last five years

Investing in Growth, System Enhancement and Pipeline Integrity

- Providing natural gas safely and reliably
 - Extending new service for subdivisions, businesses, conversions from other fuels and economic development projects
 - Providing additional supply to our three regions
 - Replacing and upgrading older mains and services

Service territories and infrastructure in NC



www.cngprices.com

Key Factors Driving Market Growth

- Abundant
- Low price
- Domestic
- Clean
- Jobs



CNG in PSNC territory



Challenges/Opportunities

–Fleets

- Capital intensive to both purchase new CNG vehicles and to build new fueling infrastructure
- Large, heavy duty fleets are either converting or looking into it, with either CNG or LNG
 - Competitive pressure forces their hand
- Vast majority of fleets are less than 20 vehicles, operating light duty and medium duty vehicles, and to convert to CNG they need multiple CNG stations available to have a comfort level to convert

–Personal use vehicles

- Convenience
- Bi-fuel vehicles
 - Price advantage of natural gas means it will be used when available⁸

Recent Legislative Action

- In the southeast, Florida, Virginia and Georgia all have programs to promote the conversion of vehicles to CNG and develop fueling infrastructure.
 - Florida: NGV Vehicle Rebates; Alternative Fuels Infrastructure Incentives
 - Virginia: Alternative Fuels Grants & Loans; Alternative Fuels Job Creation Tax Credit
 - Georgia: Reduced Compressed CNG Infrastructure Lease; Alternative Fuels Tax Credit; Alternative Fuel & Advanced Vehicle Tax Credit